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CORPORATE EHS SERVICES

Duke Energy Corporation
526 South Church St.
Charlotte, NC 28202

Mailing Address:
EC13K / PO Box 1006
Charlotte, NC 28201-1006

June 30, 2008

North Carolina Department of Environment and Natural Resources
Division of Waste Management
Solid Waste Section
Asheville Regional Office
2090 US Highway 70
Swannanoa, N.C. 28778

RECEIVED

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**SOLID WASTE SECTION
ASHEVILLE REGIONAL OFFICE**

Attention: Mr. Larry Frost

Subject: Duke Energy - Marshall Steam Station
FGD Landfill - Solid Waste Facility Permit No: 18-09
Coal Mill Rejects Landfill Disposal Request

Dear Mr. Frost:

As discussed, Duke Energy's Marshall Steam Station is seeking approval to dispose of its coal mill rejects in the on-site FGD landfill. Mill rejects consist of those materials that are rejected during the crushing and grinding process while preparing the coal for use in the pulverized coal boilers. These rejected materials may consist of rocks, metal fragments, minerals and pyrites. Pyrites are a very hard iron sulfide mineral. Recent annual averages of mill rejects at Marshall range from 20,000 to 25,000 tons/yr. Because mill rejects can have significant coal content and fuel potential, the station has embarked on a process to further segregate coal from these mill rejects. Estimates are as high as 80% for the volume of coal that may be recovered. Any recovered coal will then be placed on the Marshall coal pile and consumed as fuel by the station. The 20% or greater material volume that remains unusable (likely 4,000 tons/yr or greater for Marshall) will then require disposal. This material is proposed for ultimate disposal to the station's lined FGD landfill along with the previously approved industrial waste and coal combustion products. The design disposal rate for the FGD landfill is approximately 122,000 tons/yr.

As further information, mill rejects are specifically identified in the Division of Water Quality's Distribution of Residual Solids Permit No. WQ0000452. This permit allows reuse of mill rejects and other coal combustion products for various purposes. Mill rejects are listed for use as "daily, intermediate and final cover as well as any other use at a landfill as approved by the NC Division of Waste Management."

Mr. Larry Frost
June 30, 2008
Page 2

If there are any questions or if additional information is needed in order to evaluate this request, please contact me at 980-373-7892.

Sincerely,

A handwritten signature in black ink that reads "Christopher D. Hallman". The signature is written in a cursive, flowing style.

Christopher D. Hallman, P.E.
Waste and Remediation Management
Duke Energy Corporate EHS

Attachments

cc: Donna Burrell
Bill McCabe
Chris Coffman